

AN ACT
ELIMINATING SPECIFIED MORTGAGE LOAN DISCLOSURE STATEMENT FILING
REQUIREMENTS APPLICABLE TO FINANCIAL INSTITUTIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 535A.1, Code 2009, is amended to read as follows:

535A.1 Definitions.

For purposes of [this chapter](#), unless the context otherwise requires:

1. "*Financial institution*" means any bank, credit union, insurance company, mortgage banking company or savings and loan association, industrial loan company, or like institution or any other person who makes mortgage loans and which operates or has a place of business in this state. "*Financial institution*" does not include an individual who makes less than five mortgage loans a year.

2. "*Mortgage loan*" means a loan for the purchase, construction, improvement, or rehabilitation of residential property containing or to contain four or fewer family dwelling units in which the property is used as security for the loan.

~~3. "*Mortgage loan disclosure statement*" means the statement required by the federal Home Mortgage Disclosure Act, 12 U.S.C. § 2801 to 2809.~~

~~4.~~ 3. "*Red-lining*" means the practice by which a financial institution may designate certain areas as unsuitable for the making of mortgage loans and reject applications for mortgage loans or vary the terms of a mortgage loan upon property within that area because of the prevailing income, racial, or ethnic characteristics of the area, or because of the age of the structures in the area.

~~5. "Reporting financial institution" means a financial institution which is required to file a mortgage loan disclosure statement.~~

~~6.~~ 4. "Vary the terms of a mortgage loan" includes, but is not limited to the following:

a. Requiring a greater than average down payment than is usual for the particular type of mortgage loan involved.

b. Requiring a shorter period of amortization than is usual for the particular type of mortgage loan involved.

c. Charging a higher interest rate or higher loan origination fees than is usual for the particular type of mortgage loan involved.

d. An unreasonable underappraisal of real estate or item of property offered as security.

Sec. 2. Section 535A.2, Code 2009, is amended to read as follows:

535A.2 Discriminatory — real estate mortgages.

1. It is a discriminatory practice for any financial institution accepting mortgage loan applications to engage in the practice of red-lining as defined in [section 535A.1](#).

2. This section shall be administered and enforced by the following agencies:

a. The superintendent of banking or the superintendent's designee in regard to banks, persons licensed under chapter 536A, and mortgage banking companies.

b. The superintendent of savings and loan associations or the superintendent's designee in regard to savings and loan associations pursuant to chapter 534.

c. The commissioner of insurance or the commissioner's designee pursuant to chapter 505 in regard to all insurance companies.

d. The superintendent of credit unions or the superintendent's designee in regard to all credit unions.

Sec. 3. Section 535A.6, Code 2009, is amended to read as follows:

535A.6 Action for damages.

1. Any person who has been aggrieved as a result of a violation of [sections 535A.1 to 535A.9](#) may bring an action in the district court of the county in which the violation occurred or in the county where the financial institution involved is located.

2. Upon a finding that a financial institution has committed a violation of either [section 535A.2](#), [535A.4](#), or [535A.9](#) the

court may award actual damages, court costs, and attorney fees.

Sec. 4. Section 535A.7, Code 2009, is amended to read as follows:

535A.7 Criminal penalty.

Any person who knowingly engages in a practice which violates the provisions of [section 535A.2](#), ~~[535A.4](#)~~ or [535A.9](#) is guilty of a serious misdemeanor.

Sec. 5. REPEAL. Sections 535A.4 and 535A.5, Code 2009, are repealed.

PATRICK J. MURPHY
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2409, Eighty-third General Assembly.

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2010

CHESTER J. CULVER
Governor